ADVO LR-1

SPREADSHEETS FOR ADVO-RT-1

There are two ADVO library references to support ADVO-RT-1. LR-1 provides all the excel spreadsheets used to develop results in all sections of the rebuttal. As much as possible, key results are highlighted in each sheet. LR-2 provides the SAS program and log used to develop the results in Section IV of the rebuttal.

Files in ADVO LR-1

ADVO-LR-1.xls
LR-K-84 Product Cost Estimates.xls
LR-K-107 Product Cost Estimates.xls
ADVO-Revised-K-101 File (all spreadsheets associated with USPS K-101)
ADVO-Revised-K-67 File (all spreadsheets associated with USPS K-67)

Support for Section II of the Rebuttal

(1)   ADVO-LR-1.xls Sheets 1, 2, 3, and 4 provide the calculations for the DAL estimates used to develop the USPS and PRC delivery costs for the ECR rate categories. This revises the original USPS estimate of DALs to reflect the ADVO-provided figures in VP/ADVO-1-3 (and developed as explained in ADVO/VP-T2- 2 and USPS/VP-T2-6. It generates the DAL-Saturation letter volumes required to develop the revised city and rural carrier delivery costs modeled in LR K-67 (USPS-version) and LR K-101 (PRC-version). Those volumes are shown on Sheet 4.

The revised USPS version of delivery cost was derived using LR K-67. The revised PRC version of delivery cost was derived in two parts: the city delivery costs were derived from a revised LR K-101, the rural delivery costs were derived from LR K-67. This was done because (a) there is no difference in actual subclass attribution or distribution of rural delivery costs between the USPS and PRC versions and (b) K-67 has the correct "volume crosswalk" while K-101 does not.

(2)   Sheet 5 in ADVO-LR-1.xls summarizes the USPS and PRC versions of mail processing costs for the ECR rate categories.

(3)   The file "REVISED-USPS-LR-K-67-06-09-2005" contains the LR K-67 spreadsheets used to develop the USPS version of delivery costs

1

(modified to reflect the new DAL estimate). Because all the spreadsheets within the file are linked, several need to be modified in order to obtain the correct estimates. Given the linkage problem and the fact that it would be difficult to accurately re-name and re-link all the sheets, only the final estimate was saved as "Print Version LR K-67_2nd.revised.xls." When that particular spreadsheet is opened, a prompt asks whether the opener wants to re-link with the other spreadsheets. In order to preserve the estimates on that sheet, the response has to be "no." If that is not done, then the spreadsheet results are incorrect.

Another way to replicate the results is to manually relink LR K-67_2nd.revised.xls with all the other sheets. This means also opening up FY04.DAL.AILING.VOLUME.ESTIMATES.WithFootnotes.xls and changing the DAL estimates, ensuring that K-67_2nd.revised.xls properly refers to the values in the DAL sheet, and then opening up FY04.ECRSat.Vols_revised.xls.

(4)   The file "REVISED-K-101" contains the LR K-101 spreadsheets used to develop the PRC version of delivery costs (modified to reflect the new DAL estimate). These are more easily manipulated. "ADVO_LRK-101_revised.xls" provides all the necessary information for the PRC version of city delivery costs (rural costs are excluded). Note the changes on the "summary TY," "city load," and "delivery volume" sheets. These are the modifications to shift DAL costs from ECR letters and to ECR Saturation flats. The DAL-related revisions to the LR K-101_Revised.xls sheet are marked in yellow. Note that, in order to avoid double-counting the DALs, there are (marked) deletions in the "delivery volume" sheet. Also, there is a minor difference in the rural carrier piggyback factor between PRC and USPS versions that was ignored.

(5)   In ADVO-LR-1.xls Sheet 8, the PRC-version of delivery costs are summarized. The sheet combines the DAL-adjusted city delivery cost from "ADVO_LRK-101_revised.xls" with the DAL-adjusted rural cost from "Print Version LR K-67_2nd.revised.xls." From each, the total costs and RPW volumes come from the Summary TY sheets.

(6)   Sheets 6 and 7 in ADVO_LR-1.xls. summarize the unit cost and rate differentials for the conventional ratemaking treatment of ECR category costs and rates.

(7)   The spreadsheets LR K-84 Product Cost Estimates.xls and LR K-107 Product Cost Estimates provide, respectively, the USPS- and PRC-version

of product costs. The two products are: (a) High-Density/Saturation Letters and (b) High-Density/Saturation Flats. Mail processing costs for each product remain unadjusted for dropshipment worksharing, USPS and PRC delivery costs are derived as described above (i.e., from modified spreadsheets LR K-67 and LR K101 plus Sheet 8), and Transportation costs are estimated based on the dropship transportation cost analyses in LRs K-88 and K-112) and dropship weights in K-84 and K-107. Note that the BY RPW volumes in K-84 and K-107 were slightly adjusted to make them consistent with those in K-87 (and that were also used in K-67 and K-101).

(8)   TYAR volumes and revenues used to develop unit revenues to compare with unit product costs described in (6) above are from LR K-115 (Sheets ECR-20 and ECR-22) and, for convenience, are copied into ADVO-LR-1.xls as Sheets 9 and 10. Note that for ECR letters, volumes and revenues include those for letters from 3.3 to 3.5 ounces.

3

Support for Section III of the Rebuttal

Sheets 11, 12 and 13 in ADVO-LR-1.xls develop the figures used in Section III.C of the rebuttal testimony. Sheet 11 contains billing determinant data, Sheet 12 reproduces volume data from VP/USPS-T16-2, and Sheet 13 contains data derived from LR K-115 and 146.

Support for Section IV of the Rebuttal

Sheet 14 in ADVO-LR-1.xls develops some figures used in Section IV.C of the rebuttal testimony. The sources of the data are USPS response to VP/USPS-T30-21 and further response of USPS witness Lewis to Valpak Oral Request.

The new estimate of DPSed non-DAL Saturation CCS letters is found on Sheet 4.

All of the CCSTS results were developed from the SAS program included as ADVO LR-2.